

“Is the Turkish Central Bank Independent?” as an Uninteresting Question

Cem Tecimer

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Yes, the Turkish Central Bank's independence has been eroded in recent years. Yes, from 2016 until now, the Bank has had four different presidents (or governors, as they are called), which is unusual by all accounts. No, the Bank is therefore probably not independent — or as independent — as its Western counterparts. I do not find these somewhat trite but true statements about the Bank's independence (or the lack thereof) terribly interesting. Not that they are unimportant, but because **I think the erosion of the Bank's independence is illustrative of deeper and far more curious attributes of competitive authoritarian regimes and how they sustain themselves (or fail at doing that).**

I identify and discuss three of these attributes in light of the recent dismissal of Bank Governor Murat Uysal and appointment of Naci Agbal, who previously served in the AKP government as Minister of Finance in his stead *and* in light of the simultaneous (but by no means coincidental) resignation of President Erdogan's son-in-law and (now former) Minister of Finance Berat Albayrak.

1. The Sacking of the Governor is Quite Likely Unconstitutional — But Who Cares?

The Central Bank Law (the “Law”) is quite clear in its wording that the Bank governor may be dismissed on two grounds only: (1) if s/he is found to be in violation of a set number of prohibitions, which would occur if s/he were to engage in commerce or hold shares in banks and other companies or (2) if situations arise that render the governor *indefinitely* incapable of rendering his/her duties, which includes extreme circumstances such as permanent illness or death. Except for these two instances, the Law presumes that the governor cannot be dismissed and must remain in office for the entirety of his/her term.

President Erdogan's decisions to fire the two former governors were not based on any of the above exceptions mentioned in the Law, but rather on two rules: (1) an emergency decree (which has the force of law) that vaguely states that top bureaucrats at state agencies can be dismissed for reasons set forth in their relevant laws *as well as for underperforming* and (2) a presidential decree (which, per the Constitution, should be superseded by laws in the event of conflict) that generously provides that the President may simply dismiss top-level bureaucrats at his/her will, which dubiously relies on the Constitution's Article 104 on the President's duties that

includes hiring and firing top-level bureaucrats (although there is no mention of firing at will).

The presidential decree, hierarchically inferior to laws, clearly contradicts the Law's wording providing for only two limited grounds for dismissal and as such should be void. With the generally and generously-worded emergency decree, things are a bit trickier, as it technically has the force of law and therefore is the Law's hierarchical equal. Even so, the Law's clear wording on dismissal grounds (*lex specialis*) is what should have been amended if the President desires to hire and fire governors at his utter discretion — and that the Law was not amended is precisely what I find very noteworthy: the regime seems to have dispensed with even the mere appearance of legality and constitutionality. Shaky references to a few rules, without considering strong arguments in favor of their unconstitutionality, appear to be sufficient to sack a Bank governor.

Or equally likely, the transition to Turkey's ultra-presidency was too fast and therefore so under-theorized that the legal team working on streamlining the legal framework to fit the new mode of government, either because of its lack of care or lack of attention, or both, omitted amending the Law. Add to that the relatively costly nature of passing a law through the Parliament (versus ruling by decree): it is a more arduous process, even with a compliant legislature, as there are, albeit small, passionate enclaves of dissent from opposition parties.

In sum, the constitutionality of sacking Bank governors rests on shaky grounds, yes, but more importantly, few people in the government care. There was a time when the cosmetics of legality and constitutionality, for better or worse, mattered — now even that seems to have lost its meaning.

2. The Recurring Need to Sack: The Limits of Authoritarian Overhaul

The recent sacking of Murat Uysal came as a surprise to many, since he was considered by all to be a more subservient governor than his predecessor. That Erdogan dismissed him too goes to show that he was displeased with an appointee who was expected to display utter loyalty to him, but did not or could not deliver on that promise. Otherwise, why would Erdogan bother to appoint a new governor?

This I find particularly interesting: even in what some observers are keen on hastily labeling a one-man regime, and assuming for the sake of argument that that observation holds true, there seem to be occasional “hiccups” that prevent the smooth exercise of that one-man rule. Why? One can only speculate. Perhaps the former governor had a change of heart while in office. Or more likely, appointing a loyal governor to an otherwise established and well-functioning Bank with a set of precedents and conventions of its own does not suffice to overhaul the entire institution so as to render it submissive. Agency heads are seldom interested in and legally or practically capable of micromanaging bureaucracies. While that is disheartening from one point of view, as it admits to bureaucratic ossification as a *fait accompli*, it is encouraging from another: perhaps it is thanks to that

bureaucratic ossification that to-be autocrats cannot wield uninhibited power over those institutions, at least not to the extent that they desire.

3. Sacking as Proxy Power Wars?

The final point of interest in this whole saga is the simultaneous resignation of the President's confidante and son-in-law, former Minister of Finance Berat Albayrak. The timing of his resignation cannot be a coincidence and most political pundits in Turkey contend, and I agree, that his decision to resign was in part a reaction to Erdogan's dismissal of the Bank governor. There is some speculation as to exactly why: some say it was because the sacking happened despite the Minister's opposition, while some believe it was the Minister's exclusion from the meetings on the Bank's future convened by the President that motivated him to resign, some say both.

Regardless of which scenario holds true, one thing is clear: the sacking of the Bank governor drove a wedge between the President and his Minister (add to that his *son-in-law* Minister), which is in aid of the point I made under 2 above — that even in supposedly one-man regimes, the exercise of that one-man rule is by no means limitless. Power disputes between the regime's own agents are always possible and act as constraints over that power: even if they do not prevent ultimate consequences, these disputes certainly make those consequences costlier.

What is therefore particularly interesting about the sacking is that it helped to expose a power play within and fragility of the current regime, specifically the disagreement between the President and his son-in-law as to how to govern the country financially.

In this sense, sackings in competitive authoritarian regimes are sad affairs. Granted. But the silver-lining is that they are informative of the fragility of those very same regimes. That should be encouraging to opposition politicians patiently waiting in the wings and hoping to oust an already fragile regime at the ballot box in the next election.

